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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 21

AUGUST 1976

Number 1

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - AUGUST 1976

The Chattanooga Order minimum uniform producer price is \$10.17 per cwt at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 12.2 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of \$1.22 cents above August 1975 and an increase of 2 cents above July 1976.

In August 1976, 79.14% of producer milk received by pool plants was priced in Class I at \$10.47 per cwt., 10.52% was priced in Class II at \$9.09 per cwt. and 10.34% was priced in Class III at \$8.99 per cwt. for milk testing 3.5% butterfat. The August 1976 butterfat differential for all milk testing above or below 3.5% is 12.2 cents

Total producer milk received at pool plants during August 1976 was 30,154,624 pounds which is an increase of 221,750 pounds or a daily average increase of 0.7% compared with August 1975. The August 1976 daily average deliveries from 499 producers was 1,949 pounds. This compares to 612 farms delivering a daily average of 1,578 pounds per day during August 1975.

USDA MERGES THREE SOUTHEASTERN MILK ORDERS

Federal marketing orders regulating minimum prices paid to milk producers in portions of Tennessee, Virginia, West Virginia, Kentucky and Georgia, have been amended and merged, according to the U. S. Department of Agriculture (USDA). This merger is in line with a national trend toward marketing order consolidation. The affected orders have been known as the Appalachian, Chattanooga and Knoxville federal milk marketing orders. The new single order--to be known as the Tennessee Valley order--will become effective October 1, 1976.

Under the consolidated order the marketing areas now covered will also be expanded. It will include 59 counties in the five states--19 more than are presently regulated. About 2-1/4 million people now live in these counties. Milk marketing orders set minimum prices, based on supply and demand, that milk dealers in a regulated marketing order area must pay to dairy farmers for their milk. This results in more orderly marketing conditions, reasonable prices for farmers and a dependable supply of milk for consumers. About 80 percent of all fluid-grade milk in the United States is marketed under Federal Orders.

Basic provisions of the new order are patterned after those in the present Chattanooga order--with some modification. The fluid-use (Class I) price will be the Minnesota-Wisconsin manufacturing milk price for the second preceding month, plus \$2.10 per hundredweight. This approximates the weighted average of Class I differentials under the present three orders. No changes are expected in dairy product prices to consumers because of the merger, AMS officials said. Milk prices will be adjusted at outlying plant locations to help offset the cost of moving milk from the more distant production areas into the central marketing area.

Copies of the amended order may be obtained from the present market administration offices or from the Dairy Division, AMS, USDA, Washington, DC 20250.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
DAILY AVERAGE POUNDS

	Aug. '76 Over Aug. '75	Aug. 1976	July 1976	Aug. 1975
Number of Plants - Pool		4	4	4
- Non-Pool		13	13	12
<u>RECEIPTS</u>				
Pool Plants - Producer Milk	+ .7	972,730	945,473	965,577
- Other Source	- 6.8	41,916	48,681	44,960
- Other Federal Order	- 3.1	8,636	15,100	8,912
Non-Pool Plants - Cl. I Sales in Area	+ 12.8	49,496	50,959	43,898
TOTAL MILK RECEIPTS	+ .9	1,072,778	1,060,213	1,063,347

UTILIZATIONClass I Uses

Homogenized Milk	- 5.4	383,549	378,738	405,388
Lowfat - 2% Milk	+ 4.7	269,014	266,855	256,953
Skim and 1% Milk	+ 3.0	20,410	20,718	19,816
Buttermilk	- 2.2	57,282	61,149	58,570
Flavored Milk and Drink	+ 14.7	31,833	25,453	27,752
Sub-Total of Pkg. Items (Pool Plants)	- .8	762,088	752,913	768,479
Other, Shrinkage	+ 14.4	5,753	10,602	5,027
Sales to Non-Pool Plants	- 35.8	4,387	3,949	6,837
In Area Sales by Non-Pool Plants	+ 12.8	49,496	50,959	43,898
TOTAL CLASS I USAGE	- .3	821,724	818,423	824,241

Class II Uses - Pool Plants Only

Sweet Creams - Routes	+ 4.7	2,676	2,967	2,557
Sour Cream and Dip - Routes	+ 11.3	1,831	1,970	1,645
Yogurt - Routes	+ 8.2	515	545	476
Frozen Desserts and Ice Milk Mixes	- 7.5	88,303	94,815	95,419
Other, Cottage Cheese, Inv. Var., etc.	- 26.8	43,849	5,419	59,877
Sales to Non-Pool Plants	- 12.6	7,482	5,451	8,564
TOTAL CLASS II USAGE	- 14.2	144,656	111,167	168,538

Class III Uses - Pool Plants Only

Animal Feed and Dumped	- 10.5	6,054	5,293	6,767
Class III Shrinkage	- 3.6	16,702	16,742	17,326
Inventory Variation	+ 24.5	18,034	504	14,486
Other, Overage, etc.		76	930	74
Sales to Non-Pool Plants	+ 105.3	65,532	107,154	31,915
TOTAL CLASS III USAGE	+ 50.8	106,398	130,623	70,568

IN AREA PACKAGE ROUTE DISPOSITION
BY POOL PLANTS AND NON-POOL PLANTS

Homogenized Milk	- 9.4	275,771	279,210	304,480
Lowfat - 2% Milk	+ 7.5	189,079	184,457	175,853
Skim and 1% Milk	+ 6.7	14,745	15,456	13,815
Buttermilk	- 3.5	43,473	45,811	45,074
Flavored Milk and Drink	+ 5.4	21,632	18,876	20,532
Total Class I Disposition In-Area	- 2.7	544,700	543,810	559,754

CLASS I PKG. ROUTE DISPOSITION

In-Area by Pool Plants	- 4.0	495,204	492,851	515,856
In-Area by Non-Pool Plants	+ 12.8	49,496	50,959	43,898

COMPUTATION OF WEIGHTED AVERAGE PRICE

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AUGUST 1976	Class Percent	Butterfat Pounds	Product Pounds	Cwt.Price @ 3.5%	Total Value
Class I Producer Milk	79.1423	603,773	23,865,050	\$10.47	\$2,498,670.74
Class II Producer Milk	10.5177	268,479	3,171,562	9.09	288,294.99
Class III Producer Milk	10.3400	212,706	3,118,012	8.99	280,309.27
TOTAL PRODUCER MILK	100.0000	1,084,958	30,154,624		3,067,275.00
Less Handler Class I Location Adjustment					-0-
Add Value of Overages					1,175.66
Add Inventory Reclassification Charges					17.77
Add Value of Class I Other Source Milk and Producer Location Adjustment					-0-
Add ½ Producer-Settlement Fund Balance					11,342.90
Total Utilization Value @ 3.5% Test			30,154,624	\$10.213397	\$3,079,811.33
Less Producer Settlement Fund Reserve			30,154,624	.043397	13,086.20
WEIGHTED AVERAGE PRICE @ 3.5% TEST			30,154,624	\$10.17	\$3,066,725.13

AUGUST 1976 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 12.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$9.56	3.6	\$10.292	4.2	\$11.024	4.8	\$11.756	5.4	\$12.488
3.05	9.621	3.65	10.353	4.25	11.085	4.85	11.817	5.45	12.549
3.1	9.682	3.7	10.414	4.3	11.146	4.9	11.878	5.5	12.61
3.15	9.743	3.75	10.475	4.35	11.207	4.95	11.939	5.55	12.671
3.2	9.804	3.8	10.536	4.4	11.268	5.0	12.00	5.6	12.732
3.25	9.865	3.85	10.597	4.45	11.329	5.05	12.061	5.65	12.793
3.3	9.926	3.9	10.658	4.5	11.39	5.1	12.122	5.7	12.854
3.35	9.987	3.95	10.719	4.55	11.451	5.15	12.183	5.75	12.915
3.4	10.048	4.0	10.78	4.6	11.512	5.2	12.244	5.8	12.976
3.45	10.109	4.05	10.841	4.65	11.573	5.25	12.305	5.85	13.037
3.5	10.17	4.1	10.902	4.7	11.634	5.3	12.366	5.9	13.098
3.55	10.231	4.15	10.963	4.75	11.695	5.35	12.427	5.95	13.159

AUGUST MILK PRODUCTION 5.7 PERCENT ABOVE LAST YEAR

Milk production in August 1976 of 10,132 million pounds was 5.7 percent above a year ago and 4.3 percent above August 1974. Average production per cow at 917 pounds was 56 pounds more than a year earlier and 50 pounds above August 1974. Production per cow continues at a high level in spite of the drought conditions in the major producing North Central area. With pastures short or non-existent, cows are receiving a more balanced ration than normal. Also, a favorable relationship exists between milk and feed prices making it economical to feed at a rate high enough to keep production up. The increase in rate per cow was only partially offset by an 0.8 percent decline from a year earlier in the number of milk cows -- estimated at 11,047,000 for August.

The August milk-feed price ratio, at 1.51, was 6.3 percent above the July ratio as milk prices were up and feed prices down. The August ratio was 11.0 percent above that of a year earlier due to increased milk prices which more than offset a slight increase in feed prices from a year ago.

Source: Milk Production - USDA, Statistical Reporting Service, September 13, 1976

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/ Per Hundredweight			Butterfat Diff.	HANDLER CLASS PRICES 1/ Per Hundredweight		
	Uniform	Base	Excess		Class I	Class II	Class III
Aug. '75	\$8.95	-	-	9.6¢	\$9.26	\$7.80	\$7.70
Sept.	9.40	-	-	10.1	9.50	8.37	8.27
Oct.	9.71	-	-	10.7	9.85	8.70	8.60
Nov.	10.20	-	-	11.2	10.42	8.94	8.84
Dec.	10.47	-	-	11.9	10.75	9.18	9.08
Jan. '76	10.67	-	-	9.9	10.99	9.00	8.90
Feb.	10.52	-	-	9.3	11.23	8.35	8.25
Mar.	10.45 2/	10.77	8.60	9.9	11.05	8.70	8.60
Apr.	9.93 2/	10.25	8.44	10.3	10.40	8.54	8.44
May	10.13 2/	10.51	8.30	10.3	10.75	8.40	8.30
June	9.99 2/	10.30	8.32	10.9	10.59	8.42	8.32
July	10.15 2/	10.42	8.73	12.2	10.45	8.81	8.71
Aug.	10.17	-	-	12.2	10.47	9.09	8.99
Sept.	-	-	-	-	10.86	-	-
Oct.	-	-	-	-	11.09 4/	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK					
	Chi. 92° Butter	Chi. Area Powder	Minn/Wisc. Mfg. Milk	Daily Average Pounds			Percentage Use		
	¢ Lb.	¢ Lb.	Cwt. -3.5%	Class I	Class II	Class III	Per Class 1	II	III
Aug. '75	83.56	61.44	\$7.70	774,089	122,771	68,717	80.2	12.7	7.1
Sept.	87.87	64.08	8.27	845,822	63,103	22,796	90.8	6.8	2.4
Oct.	93.04	68.29	8.60	802,424	61,598	42,129	88.6	6.8	4.6
Nov.	97.28	71.36	8.84	789,061	61,333	70,400	85.7	6.7	7.6
Dec.	103.62	71.17	9.08	781,138	56,999	106,216	82.7	6.0	11.3
Jan. '76	86.12	66.04	8.90	793,143	65,413	81,716	84.3	7.0	8.7
Feb.	80.94	64.25	8.25	776,243	73,379	174,585	75.8	7.2	17.0
Mar.	86.05	63.37	8.60	781,605	95,916	163,947	75.0	9.2	15.8
Apr.	89.52	62.90	8.44	791,241	81,999	182,017	75.0	7.8	17.2
May	89.88	62.71	8.30	769,885	89,542	178,561	74.2	8.6	17.2
June	95.02	62.69	8.32	721,538	99,618	171,110	72.7	10.0	17.3
July	105.75	62.79	8.71	767,464	62,014	115,995	81.1	6.6	12.3
Aug.	106.24	62.62	8.99	769,840	102,309	100,581	79.1	10.5	10.4

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA					
	No.	Total	Class I	Pool	No.	Total	Base	Average	Av. Per
	Hdlers	Receipts	Use	Plants	Prod.	Delivery	Delivery	Test-%	Farm
Aug. '75	16	1,063,347	704,708	4	612	965,577	-	3.60	1,578
Sept.	16	1,077,503	908,919	4	540	931,721	-	3.66	1,725
Oct.	16	1,046,372	867,764	4	505	906,151	-	3.81	1,794
Nov.	15	1,035,802	845,453	4	501	920,794	-	3.87	1,838
Dec.	15	1,042,931	840,671	4	507	944,353	-	3.97	1,863
Jan. '76	15	1,065,845	872,481	4	509	940,272	-	4.03	1,847
Feb.	15	1,137,045	836,640	4	538	1,024,207	-	3.93	1,904
Mar.	15	1,150,288	844,441	4	506	1,041,468	892,803	3.82	2,058
Apr.	15	1,163,690	850,642	4	504	1,055,257	869,474	3.72	2,094
May	17	1,135,571	829,713	4	500	1,037,988	860,716	3.69	2,076
June	17	1,093,470	772,327	4	500	992,266	837,990	3.65	1,985
July	17	1,060,213	818,423	4	510	945,473	797,475	3.62	1,854
Aug.	17	1,072,778	821,724	4	499	972,730	-	3.60	1,949

1/ Excludes Premium

2/ Weighted Average Price

3/ Other Source is Gross Minus Producer

4/ Price for Tenn. Valley Order, Eff. Oct. 1